

GIRL SCOUTS LOUISIANA EAST, INC.*Audit of Financial Statements*

December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/30/09

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Independent Auditor's Report

To the Board of Directors
Girl Scouts Louisiana East, Inc.

We have audited the accompanying statement of financial position of the Girl Scouts Louisiana East, Inc. (the Council) (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts Louisiana East, Inc. (a nonprofit organization) as of December 31, 2008, and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A Professional Accounting Corporation

July 7, 2009

GIRL SCOUTS LOUISIANA EAST, INC.
Statement of Financial Position
December 31, 2008

Assets	
Cash and Cash Equivalents	\$ 1,756,127
United Way Receivable	120,698
Unconditional Promises to Give, Net	40,388
Investments	503,742
Investments, Restricted	28,737
Inventory	133,875
Prepaid Expenses	4,268
Land, Buildings and Equipment, Net	<u>2,590,558</u>
Total Assets	<u>\$ 5,178,393</u>
 Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 45,806
Accrued Expenses and Other Liabilities	<u>43,361</u>
Total Liabilities	<u>89,167</u>
 Net Assets	
Unrestricted	4,798,669
Temporarily Restricted	261,820
Permanently Restricted	<u>28,737</u>
Total Net Assets	<u>5,089,226</u>
 Total Liabilities and Net Assets	 <u>\$ 5,178,393</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS LOUISIANA EAST, INC.
Statement of Activities
December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Public Support				
Annual Giving	\$ 147,265	\$ 158,831	\$ -	\$ 306,096
United Way	-	257,203	-	257,203
Government Agency Grants	-	50,000	-	50,000
Total Public Support	<u>147,265</u>	<u>466,034</u>	<u>-</u>	<u>613,299</u>
Revenue				
Sales of Cookies				
Gross Revenue	3,893,148	-	-	3,893,148
Cost of Cookies	(930,802)	-	-	(930,802)
Troop Bonuses	(499,736)	-	-	(499,736)
Net Sales of Cookies	<u>2,462,610</u>	<u>-</u>	<u>-</u>	<u>2,462,610</u>
Program Service Fees	<u>284,538</u>	<u>-</u>	<u>-</u>	<u>284,538</u>
Sales of Fall Products				
Gross Revenue	153,322	-	-	153,322
Cost of Product	(66,000)	-	-	(66,000)
Troop Bonuses	(27,935)	-	-	(27,935)
Net Sales of Fall Products	<u>59,387</u>	<u>-</u>	<u>-</u>	<u>59,387</u>
Sales of Uniforms and Insignias				
Gross Revenue	258,732	-	-	258,732
Cost of Goods Sold	(166,840)	-	-	(166,840)
Net Sales of Uniforms and Insignias	<u>91,892</u>	<u>-</u>	<u>-</u>	<u>91,892</u>
Other Revenue				
Investment Return, Net	(80,755)	-	-	(80,755)
Insurance Proceeds	50,984	-	-	50,984
Miscellaneous Income	75,392	-	-	75,392
Total Other Revenue	<u>45,621</u>	<u>-</u>	<u>-</u>	<u>45,621</u>
Total Revenue	<u>3,091,313</u>	<u>466,034</u>	<u>-</u>	<u>3,557,347</u>
Net Assets Released from Restrictions	<u>653,607</u>	<u>(653,607)</u>		
Total Public Support and Revenue	<u>3,744,920</u>	<u>(187,573)</u>	<u>-</u>	<u>3,557,347</u>
Expenses				
Program Services	<u>2,998,339</u>	<u>-</u>	<u>-</u>	<u>2,998,339</u>
Supporting Services				
Management and General	592,336	-	-	592,336
Fundraising	560,798	-	-	560,798
Total Supporting Services	<u>1,153,134</u>	<u>-</u>	<u>-</u>	<u>1,153,134</u>
Total Expenses	<u>4,151,473</u>	<u>-</u>	<u>-</u>	<u>4,151,473</u>
Decrease In Net Assets	(406,553)	(187,573)	-	(594,126)
Net Assets, Beginning of Year	<u>5,205,222</u>	<u>449,393</u>	<u>28,737</u>	<u>5,683,352</u>
Net Assets, End of Year	<u>\$ 4,798,669</u>	<u>\$ 261,820</u>	<u>\$ 28,737</u>	<u>\$ 5,089,226</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS LOUISIANA EAST, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2008

	<u>Supporting Services</u>			
	Program Services	Management and General	Fund Raising	Total Expenses
Salaries	\$ 1,532,638	\$ 262,162	\$ 221,829	\$ 2,016,629
Benefits	214,642	36,715	31,067	282,424
Payroll Taxes	110,081	18,830	15,933	144,844
Total Salaries and Related Expenses	1,857,361	317,707	268,829	2,443,897
Professional Fees	-	81,731	-	81,731
Supplies	250,725	42,887	36,289	329,901
Telephone	44,081	7,540	6,380	58,001
Postage and Shipping	27,374	4,682	3,962	36,018
Occupancy	188,029	32,163	27,215	247,407
Insurance	110,763	18,946	16,032	145,741
Rental and Maintenance of Equipment	33,432	5,719	4,839	43,990
Printing and Publications	69,995	11,973	10,131	92,099
Taxes and Licenses	10,105	1,728	1,463	13,296
Travel	91,360	15,627	13,223	120,210
Conferences, Conventions and Meetings	20,676	3,537	2,993	27,206
Membership Dues	4,372	748	633	5,753
Service Charges and Fees	16,496	2,822	2,388	21,706
Specific Assistance to Individual Girls	13,266	-	-	13,266
Bad Debt	-	-	128,744	128,744
Staff Recruitment	21,346	3,651	3,090	28,087
Contract Services	31,523	5,392	4,563	41,478
Miscellaneous	74,782	12,792	10,824	98,398
Total Expenses Before Depreciation	2,865,686	569,645	541,598	3,976,929
Depreciation Expense	132,653	22,691	19,200	174,544
Total Expenses	\$ 2,998,339	\$ 592,336	\$ 560,798	\$ 4,151,473

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS LOUISIANA EAST, INC.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows from Operating Activities	
Decrease in Net Assets	\$ (594,126)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities	
Depreciation	174,544
Return on Investments, Net	137,997
(Increase) Decrease in Assets	
Accounts Receivable	51,279
United Way Receivable	50,018
Grants Receivable	320
Promises to Give	37,132
Inventory	(36,238)
Prepaid Expenses	15,867
Accrued Interest Income	
Increase (Decrease) in Liabilities	
Accounts Payable	(43,056)
Accrued Expenses and Other Liabilities	(68,907)
Net Cash Used in Operating Activities	<u>(275,170)</u>
Cash Flows from Investing Activities	
Purchase of land, Buildings and Equipment	(77,995)
Purchase of Investments	(161,417)
Proceeds from Sales of Investments	211,061
Net Cash Used in Investing Activities	<u>(28,351)</u>
Decrease in Cash and Cash Equivalents	(303,521)
Cash and Cash Equivalents, Beginning of Year	<u>2,059,648</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,756,127</u>
Supplemental Disclosures of Cash Flow Information	
Cash Paid for Interest	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

The Girl Scouts Louisiana East, Inc. (the Council) is chartered by the Girl Scouts of the U.S.A., a nonprofit organization. It is an educational program for girls and its mission is: Girl Scouting builds girls of courage, confidence and character who make the world a better place. The Council obtains most of its revenues from the sales of cookies and public support.

On April 1, 2008, the Board of Directors of Girl Scouts Audubon Council, Inc. and Girl Scouts Council of Southeast Louisiana, Inc. approved a resolution to merge and form Girl Scouts Louisiana East, Inc.

The guidance provided by SFAS No. 141, *Business Combinations*, does not apply to combinations between not-for-profit organizations. As such, not-for-profit combinations are governed by APB 16: Business Combinations (as amended), which requires the pooling of interest method. The financial statements have been restated as if the transaction had occurred on January 1, 2008. The unaudited results of operations of each council for the period prior to the acquisition are summarized as follows:

	Audubon Council	Southeast Louisiana
Three Months Ended March 31, 2008		
Revenues	\$ 1,121,225	\$ 933,548
Expenses	400,774	709,446
Change in Net Assets	\$ 720,451	\$ 224,102

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, unrestricted net assets and permanently restricted net assets. Additionally, the Council is required to present a statement of cash flows.

Contributions

The Council follows Statement of Financial Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted and as net assets released from restriction in the same reporting period.

The Council uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116 if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. The members of the Board of Directors serve without compensation.

No contributions of services or materials were received throughout the year that are recognized as contributions in the financial statements since recognition criteria under SFAS No. 116 were not met.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. As promises to give are determined to be uncollectible, they are charged against the allowance for doubtful accounts.

Income Taxes

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash includes \$289,541 of repurchase agreements at December 31, 2008, which were due on January 2, 2009. The repurchase agreements are secured by U.S. Treasury obligations.

For the purpose of the Statement of Cash Flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

Inventory is stated at lower of cost or market value, using the first-in, first-out method. The inventory consists mainly of Girl Scout uniforms and related attire, badges and various supplies and trinkets.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Donated land, buildings and equipment are recorded at their estimated fair market value at the date of donation. The Council capitalizes all expenditures for fixed assets in excess of \$5,000. Depreciation is recorded on the straight-line method based on the estimated useful lives of the respective assets ranging from one to forty years. Expenditures for repairs and maintenance are charged to expense as incurred.

Investments

Investments are maintained by the Council to fund long-term strategic initiatives. These investments consist of mutual funds and certificates of deposit, carried at estimated current market values of the securities in the Statement of Financial Position in accordance with FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, which is managed by a registered investment advisor. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Fair Values of Financial Instruments

In 2008, the Council adopted the provisions of SFAS No. 157, *Fair Value Measurements*. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 13).

The Council's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Investments securities - The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

Unconditional promises to give - The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected in future periods are discounted to present value based on management's assumptions.

Expense Allocation

The costs of providing programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon employee time recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage or other relevant basis.

New Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will be required also.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

The Council presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*. The Council has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of FIN 48 for nonpublic enterprises, such as the Council, included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Council will be required to adopt FIN 48 in its 2009 annual financial statements. Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in The United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2. United Way Receivable

The following is a summary of allocations, designations and grants receivable from various United Way Chapters as of December 31, 2008:

Capital Area United Way Allocations	\$	99,105
United Way of St. Charles Parish Allocations		15,593
United Way of St. John Parish Allocations		3,500
United Way of Tangipahoa Parish Allocations		<u>2,500</u>
Total United Way Receivable	\$	<u>120,698</u>

Note 3. Unconditional Promises to Give

During 2008, the Council held fund raising events at which cash and unconditional promises to give were received. The promises to give are reported as unrestricted and temporarily restricted at their present value using discount rates ranging from 1.83% to 3.66%.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 3. Unconditional Promises to Give (Continued)

Unconditional promises to give at December 31, 2008 are as follows:

Amounts Due in Less Than One Year	\$ 18,814
Amounts Due in One to Five Years	32,505
Amounts Due in More than Five Years	<u>400</u>
Total Unconditional Promises to Give	51,719
Less: Discounts to Net Present Value	(2,331)
Less: Allowance for Uncollectible Pledges	<u>(9,000)</u>
Net Unconditional Promises to Give	<u>\$ 40,388</u>

Note 4. Investments

Investments at December 31, 2008 were stated at fair value and consist of the following:

Investments, Unrestricted	
Mutual Funds	\$ 366,975
Certificates of Deposit	<u>136,767</u>
	503,742
Investments, Restricted	
Certificate of Deposit	<u>28,737</u>
Total Investments	<u>\$ 532,479</u>

The following schedule summarizes the investment return in the Statement of Activities for the year ended December 31, 2008:

Interest and Dividends	\$ 57,242
Net Unrealized Losses	<u>(137,997)</u>
Total Investment Return	<u>\$ (80,755)</u>

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 5. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at December 31, 2008:

Land	\$ 968,845
Buildings and Improvements	4,316,964
Equipment	
Machinery and Equipment	567,534
Furniture and Fixtures	612,926
Horses	19,883
Autos and Trucks	34,051
Total Equipment	1,234,394
Total	6,520,203
Less: Accumulated Depreciation	(3,929,645)
Land, Buildings and Equipment, Net	\$ 2,590,558

Depreciation expense for the year ended December 31, 2008 was \$174,544.

Note 6. Release of Temporarily Restricted Net Assets

During the year ended December 31, 2008, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Funds Used for Capital Acquisitions	\$ 81,272
Funds Used for Girl Scout Operations	84,257
Funds Used for Outreach Programs	180,857
United Way Allocations and Grants	307,221
Used for Specified Purposes	\$ 653,607

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 7. Restricted Net Assets

Permanently restricted net assets were restricted for the following purposes as of December 31, 2008:

Program Support:	
Morgan City Fund	<u>\$ 28,737</u>

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2008:

Purchases of Property and Equipment	\$ 58,442
Program Support	
Operational Programs	161,086
Innovative Outreach	<u>42,292</u>
Total Temporarily Restricted	<u>\$ 261,820</u>

Note 8 United Way Contributions

The Council received funding from several United Way Chapters during 2008 as follows:

Capital Area United Way	198,210
United Way of St. Charles Parish	31,185
United Way of St. John Parish	7,000
United Way of Tangipahoa Parish	8,700
Combined Federal Campaign	<u>12,108</u>
Total	<u>\$ 257,203</u>

Note 9. Retirement Plans

The Council participates in the National Girl Scout Council Retirement Plan covering various Girl Scout Councils. The Plan is accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, *Employers' Accounting for Pensions*. Effective January 1, 2000, the rate of contribution is 3.0% of covered payroll. The amount charged to pension expense and contributed to the Plan during 2008 was \$27,726. The Plan does not make separate measurements of assets and pension obligation by individual councils.

GIRL SCOUTS LOUISIANA EAST, INC.

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

The Council also participates in a 401(k) Thrift Plan for employees of the Girl Scouts Louisiana East, Inc. For the year ended December 31, 2008 employer contributions totaled \$10,121.

Note 10. Leases

In 1985, the Council entered into a lease with the Public Belt Railroad Commission for the City of New Orleans, for the land used as a parking lot behind the Council's building. The lease expired on December 31, 2002 and was month-to-month during 2008. Rent expense incurred for the year ended December 31, 2008 was \$2,750.

Note 11. Concentrations

The Council has a concentration of revenue generated by cookie sales. For the year ended December 31, 2008, 69% of total public support and revenue was realized from net cookie sales.

Note 12. Concentration of Credit Risk

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Note 13. Fair Value Measurements

The Council's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS No. 157. See Note 1 for a description of the Council's policies and valuation techniques.

The valuation of the Council's assets and liabilities measured at fair value on a recurring basis at December 31, 2008 are as follows:

Assets	Level 1	Level 2	Level 3	Net Balance
Unconditional Promises to Give	\$ -	\$ -	\$ 40,388	\$ 40,388
Investments	532,479	-	-	532,479
Total	\$ 532,479	\$ -	\$ 40,388	\$ 572,867

GIRL SCOUTS LOUISIANA EAST, INC.**Notes to Financial Statements**

Note 13. Fair Value Measurements (Continued)

The changes in investments measured at fair value for which the Society has used Level 3 inputs to determine fair value are as follows:

Assets	Level 3 Beginning Balance	Net Realized and Unrealized Losses	Net Payments and Gifts	Level 3 Ending Balance
Unconditional Promises to Give	\$ 77,250	\$ (33,936)	\$ (2,926)	\$ 40,388
Total	\$ 77,250	\$ (33,936)	\$ (2,926)	\$ 40,388

Note 14. Commitments and Contingencies

The Council is subject to claims and legal proceedings that arise in the ordinary course of its business. Management believes that the Council's liability, if any, associated with such claims and/or legal proceedings would not significantly affect the Council's financial position or operating activities.